



Business & Economic Development

During the 2020 legislative session, the General Assembly passed legislation intended to promote economic development in rural areas and to assist businesses in surviving and recovering from the COVID-19 pandemic.

Rural Economic Development

The Rural Jump-Start program was created by Senate Bill 15-282 and provides tax incentives to businesses that locate inside a rural Jump-Start zone. Jump-Start zones are identified areas in counties that meet certain indicators of economic distress. *House Bill 20-1003* makes modifications to the Rural Jump-Start program by extending the program for five years and clarifying that new businesses applying for the program cannot compete with existing businesses in a Jump-Start zone or in an economically distressed county contiguous to the zone. The bill further allows economic development organization to coordinate with businesses to apply for the program.

Senate Bill 20-002 codifies the Rural Economic Development Initiative Grant program (REDI program) in the Department of Local Affairs, to be administered in collaboration with OEDIT. The REDI program provides grants to create new jobs in rural communities through a new employer or an expansion of an existing employer, or create diversity and resiliency in a rural community's economy.

COVID-19 Response

Under *House Bill 20-1413*, the State Treasurer is authorized to enter into one or more contracts to establish a Small Business Recovery Loan Program

to assist the state's recovery from the COVID-19 pandemic by leveraging private investment for loans to small businesses in Colorado. In addition, the law permits the Treasurer to issue insurance premium tax credits to insurance companies that incur premium tax liability.

Senate Bill 20-222 creates the Small Business COVID-19 grant program to assist small businesses facing economic hardship caused by the COVID-19 pandemic. OEDIT is required to contract with the Colorado Housing and Finance Authority to operate the program. For purposes of the law, a small business is defined as one with no more than 25 employees. The bill gives preference to businesses that did not qualify for a federal Paycheck Protection Program loan and are owned by veterans, women, and minorities or that are located in a rural area.

Similarly, during the 2020 special session, the General Assembly passed *Senate Bill 20B-001* and *House Bill 20B-1004* to provide additional economic assistance in response to the COVID-19 pandemic. *Senate Bill 20B-001* provides financial assistance to eligible small businesses, arts and cultural organizations, and minority-owned businesses and waives certain retail food and liquor licensing fees for 2021.

House Bill 20B-1004 allows restaurants and bars to deduct up to \$70,000 in net taxable sales from their monthly state sales tax return and retain the resulting revenue. This temporary deduction will apply to sales made between November 2020 and February 2021.